

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 92-008-G - ORDER NO. 93-174
FEBRUARY 17, 1993

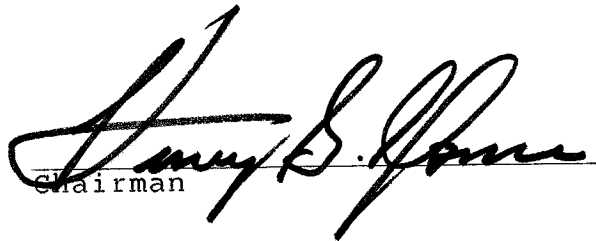
IN RE: South Carolina Pipeline Corporation -) ORDER APPROVING
Annual Review of the Purchased Gas) STIPULATION AND
Adjustment and Gas Purchasing Policies.) AGREEMENT AND
) CANCELLING
) HEARING

This matter is before the Public Service Commission of South Carolina (the Commission) on the attached Stipulation and Agreement submitted on behalf of all the parties to this proceeding. In their Stipulation and Agreement, the parties assert that all issues in this docket have been resolved and, consequently, the hearing scheduled for February 18, 1993, is unnecessary.

The Commission has reviewed the attached Stipulation and Agreement and finds that it should be and is hereby approved. Further, in light of the Stipulation and Agreement, the Commission concludes that the hearing in this matter is no longer necessary and should, therefore, be cancelled.

IT IS SO ORDERED.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 92-008-G

IN RE:	South Carolina Pipeline Corporation)	STIPULATION
	Annual Review of the Purchased Gas)	AND
	Adjustment and Gas Purchasing Policies)	AGREEMENT

I. Introduction

The purpose of this stipulation and agreement is to compromise and resolve all issues pending in Docket No. 92-008-G, which is the Annual Review of the Purchasing Practices and Purchased Gas Adjustment of South Carolina Pipeline Corporation ("SCPC" or the "Company") for 1992 and avoid the need for the scheduled hearing.

Testimony was filed in this Docket by Ray M. Kightlinger on behalf of SCPC on January 18, 1993. James S. Stites filed testimony on February 4, 1993 on behalf of the Commission Staff. Petitions to Intervene were filed by the Department of Consumer Affairs, South Carolina Electric & Gas Company and the Chester County Natural Gas Authority. Nucor Steel filed a Petition to Intervene Out of Time that was subsequently granted. A settlement conference was held on February 9, 1993 at the Commission. The period under review in this docket is that period of time since the effective date of Order No. 91-1138 through December 31, 1992.

II. Issues presented for resolution in this proceeding.

In this docket the Commission has before it the following key issues that must be determined:

1. For the period under review, were SCPC's purchasing

practices prudent?

2. For the period under review, did SCPC's Purchased Gas Adjustment operate properly by fairly and reasonably recovering the cost of gas entering SCPC's system?

3. For the period under review, was SCPC's cost of gas just and reasonable?

4. Did SCPC comply fully with the requirements set forth in Commission Order No. 91-1138 dated December 20, 1991?

III. Agreements reached by the parties

The undersigned parties specifically agree to the following terms:

1. For the period under review, Staff has found SCPC's purchasing practices were prudent.

2. For the period under review, Staff has found SCPC's Purchased Gas Adjustment operated properly by fairly and reasonably recovering the cost of gas entering its system.

3. For the period under review, Staff has found SCPC's purchased cost of gas was just and reasonable.

4. No party has challenged Staff's findings. Therefore, the parties stipulate they will not challenge a Commission order adopting Staff's findings.

5. In regard to SCPC's compliance with Order No. 91-1138, there were differences in interpretation of certain language in that Order relating to the length of time SCPC would infuse the

WACOG with spot and "prepaid" gas¹ and whether the Company had complied with Order No. 91-1138 for December 1992. After discussion and a review of the record relating to issuance of Order No. 91-1138, the parties agree as follows:

For the period of December 1-31, 1992, SCPC is credited with spot gas that was infused in October 1992 in excess of the amounts which SCPC was required to infuse into the WACOG for that month. All parties agree that, under Order No. 91-1138, SCPC is entitled to be credited in December 1992 for overages of spot gas that were infused in October 1992. The overages in October 1992 exceeded 310,000 dekatherms (10,000 dekatherms per day for 31 days). Additionally, SCPC infused 10,000 dekatherms of replacement gas on a daily basis during the month of December 1992. For January 1993 the Company voluntarily infused 20,000 dekatherms per day of the lowest cost spot gas in its system. Consequently, for the period beginning December 1, 1991 and ending on January 31, 1993, SCPC is in full compliance with Order No. 91-1138.

6. In compliance with the provisions of Order No. 91-1138 requiring an annual true up of gas costs, SCPC discovered that an over-recovery of \$80,810.04 in gas costs resulted through the WACOG for the period December 1991 through November 1992. SCPC has also over-recovered \$711,289.33 in gas cost from the industrial sales

¹ Subsequent to the issuance of Order No. 91-1138, the supplier of the "prepaid gas" breached its contract with SCPC and the gas is no longer flowing. In order to fulfill the intent of Order No. 91-1138, SCPC voluntarily began substituting the "prepaid gas" with the lowest cost gas entering the system identified as "replacement gas" to complete the obligation under Order No. 91-1138.

program (ISP) cost of gas. In order to true up this gas cost, SCPC will be crediting the gas costs through the WACOG for January 1993 by \$80,810.04. SCPC is presently compiling the necessary data to refund the \$711,289.33 in gas cost to the ISP cost of gas sale for resale customers with the February 1993 billings. All parties agree that this true up is appropriate.

7. The parties hereto support continuation of the modifications to the WACOG, as recommended by Staff and approved in Order No. 91-1138, for an additional one-year period with certain further modifications as set forth below. Beginning February 1, 1993 and running for a period of one year until January 31, 1994, the parties agree as follows:

a. For the months of February, March, November and December 1993 and January 1994 (the "Winter Period"), SCPC will infuse the WACOG with a minimum of 20,000 dekatherms per day of the lowest cost gas entering the Company's system. Infusion of a minimum of 20,000 dekatherms of the lowest cost gas during the Winter Period will be done on a daily basis.

b. For the period from April 1, 1993 through October 31, 1993, inclusive (the "Summer Period"), SCPC will infuse the WACOG with 10,000 dekatherms per day of the lowest cost gas entering the Company's system and, additionally, at some point in time during the period from February 1, 1993 through January 31, 1994 will infuse the WACOG with not less than 2,140,000 dekatherms of the Company's lowest cost gas entering its system on the day(s) that it is infused into the WACOG. The Company may, in its sole

discretion, elect to infuse all of the 2,140,000 dekatherms at one time or at multiple times, as long as the total infused volumes amount to 2,140,000 dekatherms at the period's end.

c. The Company's obligation to infuse the volumes of gas into the WACOG agreed to herein shall end effective February 1, 1994, unless superseded by Order of the Commission.

8. Because both the continuation of the modification to the WACOG as set forth above and the findings as set forth above as to SCPC's gas purchasing, PGA and gas costs are the result of stipulation, compromise and settlement, neither the Commission approval of the findings nor the modification to the WACOG shall constitute precedent for the purposes of future review periods and proceedings. Instead, the parties hereto will fully preserve their rights to litigate at future hearings all issues related to SCPC's purchasing practices and the ISPR program for gas cost incurred after December 31, 1992.

9. Given that the effect of the pending restructuring of the interstate pipeline industry under FERC Order 636 on SCPC, its cost of gas, and its purchasing practices is highly uncertain at this time, all parties believe that resolution of this matter by Stipulation is appropriate.

IV. Conclusion

All of the undersigned parties are in agreement with all of the terms herein and to the resolution of the issues set out herein and agree that the hearing previously scheduled for February 18,

1993 should be waived. The undersigned parties also request that the Commission adopt this Stipulation and Agreement in its entirety as a full and complete resolution of all outstanding issues in Docket No. 92-008-G.

South Carolina Pipeline
Corporation

By: Sarena D. Burch
Its: Attorney

Department of Consumer Affairs

By: _____
Its: _____

South Carolina Electric & Gas
Company

By: _____
Its: _____

Chester County Natural Gas
Authority

By: _____
Its: _____

Nucor Steel

By: _____
Its: _____

Commission Staff

By: _____
Its: _____

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South Carolina Pipeline
Corporation

By: _____
Its: _____

Department of Consumer Affairs

By: *Elliott F. Elam, Jr.*
Its: *Attorney*

South Carolina Electric & Gas
Company

By: _____
Its: _____

Chester County Natural Gas
Authority

By: _____
Its: _____

Nucor Steel

By: _____
Its: _____

Commission Staff

By: _____
Its: _____

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Its: _____

Department of Consumer Affairs

By: _____
Its: _____

South Carolina Electric & Gas
Company

By: _____
Its: _____

Chester County Natural Gas
Authority

By: _____
Its: _____

Nucor Steel

By: _____
Its: _____

Commission Staff

By: Hayle B. Nichols
Its: Staff Counsel

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Its: _____

Department of Consumer Affairs

By: _____
Its: _____

South Carolina Electric & Gas
Company

By: _____
Its: _____

Chester County Natural Gas
Authority

By: _____
Its: _____

Nucor Steel

By: Walter C. Hae
Its: Attorney

Commission Staff

By: _____
Its: _____

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South Carolina Pipeline
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By: _____
Its: _____

Department of Consumer Affairs

By: _____
Its: _____

South Carolina Electric & Gas
Company

By: _____
Its: _____

Chester County Natural Gas
Authority

By: WC Keels
Its: Attorney

Nucor Steel

By: _____
Its: _____

Commission Staff

By: _____
Its: _____

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South Carolina Pipeline
Corporation

By: _____
Its: _____

Department of Consumer Affairs

By: _____
Its: _____

South Carolina Electric & Gas
Company

By: B. T. Zeigler
Its: attorney

Chester County Natural Gas
Authority

By: _____
Its: _____

Nucor Steel

By: _____
Its: _____

Commission Staff

By: _____
Its: _____